

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

Country Suites by Ayres
1945 East Holt Blvd.
Ontario, California
March 23, 2000

PANEL MEMBERS

John Duncan
Chairman

Clifford Cummings
Member

Aram Hodess
Member

Patricia A. Noyes
Member

Tom Rankin
Member

Laurel Shockley
Member

Pat Williams
Member

Ruben H. Zuniga
Member

Executive Staff

Victoria Bradshaw
Executive Director

Oscar Wright
Assistant Director, Program Operations

Ada Carrillo
Acting Assistant Director, Administration

Peter G. DeMauro
General Counsel

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I. CALL TO ORDER

Chairman John Duncan called the public Panel meeting to order at 9:05 a.m.

II. ROLL CALL

Members Present

John Duncan, Chairman
Pat Noyes
Tom Rankin
Laurel Shockley
Ruben H. Zuniga

Members Absent

Clifford Cummings
Aram Hodess
Pat Williams

III. APPROVAL OF AGENDA

ACTION: Ms. Shockley moved and Mr. Zuniga seconded the Panel approve the meeting agenda as proposed.

Motion carried, 5 – 0.

IV. APPROVAL OF MINUTES

ACTION: Mr. Rankin moved and Ms. Shockley seconded the Panel approve the minutes of the February 24, 2000, and the special telephonic conference meeting on March 10, 2000, as presented.

Motion carried, 5 - 0.

V. REPORT OF THE EXECUTIVE DIRECTOR

Ms. Bradshaw reported the first legislative Budget Committee Hearings concerning the Employment Training Bill are scheduled for March 29 and April 6. Budget language is being proposed for the augmentation of \$15,000,000 in categorical funding to support statewide initiatives promoting California's economic development efforts in regions suffering from high unemployment with a special focus on the working poor. Language is also being proposed to the trailer bill to allow the Panel to waive the ETP minimum wage requirement in regions suffering from high unemployment and low job creation, including the working poor, provided that the post-retention wage of each trainee who has completed training and the required retention period exceeds his or her wage before and during training.

Ms. Bradshaw reported if all of the projects are approved today, there will be a balance of \$19.8 million in training funds for the remainder of this fiscal year.

Ms. Bradshaw announced Oscar Wright has accepted an appointment with the Community in Schools Program. On behalf of ETP, she thanked him for his service to the Panel and wished him much success. Chairman Duncan also wished him well and thanked him for his ETP participation.

VI. PUBLIC COMMENT

There was no public comment.

VII. REPORT OF THE GENERAL COUNSEL

Mr. DeMauro reported the Office of Administrative Law (OAL) previously approved the Panel's emergency regulations regarding alternative training methods and record-keeping criteria. The regulations gave the Panel the authority to allow technology-based distance training, such as computer-based training and videoconferencing, and allow a more flexible record-keeping requirement when necessary. The Panel noticed the text of the regulations for a 45-day public comment period on February 4, 2000. ETP received written comments from International Rectifier and from the Alliance for ETP.

International Rectifier requested that the Panel approve future funding for computer-based training. No action is needed since their comments support the regulations on computer-based training. The Alliance for ETP generally supported the proposed changes except for the limitation of videoconference training to a maximum of three sites.

The Alliance stated that due to the reduced costs of video systems and the development of satellite and broadband systems, trainees can work at widely dispersed sites with only one or two trainees present at each videoconferencing site which can result in a maximum of 20 different sites. Mr. DeMauro responded that the Panel has no prior experience in funding videoconference training. In order to comply with the Panel's fiduciary duty regarding public funds, the Panel must initially take a conservative approach regarding the standards for videoconference training, including the limitation of sites to a maximum of three. After an initial test period of one year, the Panel will

review videoconference training again to determine if any modifications to the standards are needed. No action is needed at this time. Mr. Rankin questioned the three-site limitation. Mr. DeMauro replied there could be a problem with the monitoring and quality of the training at multiple sites.

In order to make the emergency regulations permanent, the Panel must submit a Certificate of Compliance to OAL by April 18, 2000. Mr. DeMauro summarized each regulation.

Chairman Duncan asked for a series of motions on the proposed regulations.

Regulation 22 California Code of Regulations (CCR) 4400(ff) – Computer-Based Training
Definition: Instruction which occurs when a trainee uses a computer to access and learn training material through computer-associated media, such as the Internet, intranet, local area network, and CD-ROM.

ACTION: Mr. Rankin moved and Ms. Shockley seconded the Panel approve the computer-based training definition as proposed.

Motion carried, 5 – 0.

Regulation 22 CCR 4400(gg) – Videoconference Training Definition: Interactive instruction provided by a trainer through a video communications session between two or more locations.

ACTION: Ms. Noyes moved and Mr. Zuniga seconded the Panel approve the videoconference training definition as proposed.

Motion carried, 5 – 0.

Regulation 22 CCR 4400(y) – Training Definition: Delivery of instructional experiences to develop and/or improve workforce skills and knowledge for jobs with definite career potential and the substantial likelihood of long-term job security. Training shall consist of at least 40 hours and be delivered as classroom, laboratory, technology-based distance training or structured-on-site training. Each of these training methods is equally valuable in the delivery of training hours. The Panel may authorize training that varies from the minimum training hours requirement upon a showing of good cause by the proposed contractor.

ACTION: Mr. Rankin moved and Ms. Shockley seconded the Panel approve the training definition as proposed.

Motion carried, 5 – 0.

Regulation 22 CCR 4412 – Reasonable Training And Administrative Costs For Budgets: Technology-based distance training will be included in the types of training for which payment will be made to instructors. Transmission (computer time), system maintenance, and cost of equipment used for technology-based distance training will be included in the allowed operating expenses and equipment costs. Contractors will be allowed a proportional share of actual on-site premises costs if the costs are incurred during technology-based distance training.

ACTION: Ms. Shockley moved and Ms. Noyes seconded the Panel approve the regulation as proposed.

Motion carried, 5 – 0.

Regulation 22 CCR 4442 – Record Keeping: Language was added to clarify and simplify the record keeping process including requirements for the computer-based training record keeping.

ACTION: Mr. Zuniga moved and Ms. Shockley seconded the Panel approve the changes as proposed.

Motion carried, 5 – 0.

Regulation 22 CCR 4442.2 – Record Keeping Modifications: The Panel may modify the record keeping requirements of 22 CCR 4442 and 4442.1 if necessitated by the contractor's current, established record keeping practices, provided that the modified record keeping practices will properly substantiate the delivery of training, placement and retention as required in the agreement, and the modified record keeping practices can be audited by the Panel. Any such record keeping modifications agreed to by ETP and contractor shall be incorporated into the agreement.

ACTION: Ms. Noyes moved and Mr. Zuniga seconded the Panel approve the regulation as proposed.

Motion carried, 5 – 0.

VIII. OLD BUSINESS

At the February Panel Meeting, Ms. Bradshaw reported to the Panel there was \$300,000 remaining in the multiple barrier special employment training (SET) portion of the training funds for this fiscal year. If all the projects presented at today's meeting are approved, there will be a balance of \$125,000 allowed for SET funding. ETP staff recommended the Panel adopt the following priorities for trainees in the category of training for individuals with barriers to stable, full-time employment under Unemployment Insurance Code Section 10214.5(b): 1) small businesses with 100 or fewer full-time employees; and 2) new hires. Staff recommended these priorities remain in effect for the remainder of this fiscal year.

ACTION: Ms Shockley moved and Ms. Noyes seconded the Panel approve the recommendation as proposed.

Motion carried, 5 – 0.

IX. FIXED FEES, PUBLISHED RATES, BUDGETS, AND EMPLOYER CONTRIBUTIONS/DISCUSSION

Ms. Bradshaw reported on the Panel's request for staff to review the fixed-fee, budget and modified rate reimbursement options based on published catalog rates. Because of many discrepancies and a wide range of rates for the same basic training, the Panel had placed a moratorium on utilizing any published catalog rate until staff could review all the reimbursement options and return with recommendations. The moratorium on published catalog rates caused contractors to submit budgets. Staff discovered in a number of instances where catalog rates had been used previously, staff could not get to that catalog rate using the budget process, leading to the conclusion that ETP was paying for costs that by law ETP is not allowed to reimburse.

Ms. Carrillo reported on staff's findings and recommendations. Current ETP enabling legislation allows the Panel to reimburse contractors for reasonable training and administrative costs through one of three methods: a) a fixed-fee rate per hour; b) a line-item budget substantiating the costs; or c) a modification to the preceding two methods for projects involving training for a significant number of small businesses.

The Panel has funded training with the presumption that the fixed-fee is intended to cover all reasonable training costs. ETP allows and encourages direct employer contractors to contribute to the cost of training in excess of the fixed-fee. Employers in multiple employer contracts do not have that option, since it is assumed the fixed-fee covers the basic training costs. Although several regulations support this assumption, the Panel's enabling legislation gives no indication that the fixed-fee is intended to cover all costs associated with the training.

Research shows other state training programs similar to ETP reimburse only a percentage of training costs and require employers to also contribute. A recent study by researchers at California State University, Northridge (CSUN) on the effectiveness of ETP-funded training found the key to a project's success is a company's "buy-in" to the project. This is most evident and best achieved through upper management involvement in the project, along with a company's monetary investment in the training.

Having ETP share the cost of training with employers participating in multiple employer contracts (MECs) would allow those employers to contribute to the training costs to the extent they can, as long as such costs are not also being paid by ETP. The following actions need to be taken to enable ETP and employers to share costs in all types of contracts:

- The definition of "in-kind contributions" would need to be modified to provide a broader definition that includes "employer contributions." As currently defined in the regulations, in-kind contributions only include ETP allowable costs. The definition of in-kind contributions should be expanded to allow the Panel to consider any costs that are directly attributable to ETP training. This would include monetary "employer-contributions" to support training-related costs.
- A new regulation needs to be approved specifying the criteria under which MECs may charge participating employers for training and administrative costs which are not covered by ETP funds. MECs should be required to specify the amount not covered by ETP in the contract that

is being paid by employer contributions. This would address the problem of potentially charging both the employer and ETP for the same costs.

- Certain regulations need to be revised to delete reference to the fixed-fee as covering all training costs. California Code of Regulations Sections 4411, "Fixed-Fee Contracts" and 4412.1, "Training Costs Charged to Trainees" include language which state respectively that the fixed-fee includes all "Training and administrative costs" and all "training costs."

Research shows the current classroom/laboratory fixed-fee rate is either adequate, or more than adequate, in most cases. While the fixed-fee rate is adequate in most cases, there is evidence that some types of training cost much more than other types and for specific reasons. Staff's review of budget-based and modified (catalog) rate contracts, combined with a survey of similar high cost training providers indicates more expensive training in highly technical areas. This is due to high costs for such things as equipment, software, and trainers, and the need for increased trainer to trainee interaction, all requiring small trainer to trainee ratios - typically 1:10 or less. Such training is primarily found in industries which are the new drivers of the State's economy, such as biotechnology, multimedia/entertainment, computer systems networking, and software development.

Additionally, training expenses for very small employers (i.e., those with 100 or fewer employees) for customized on-site training are significantly higher than the current \$15 per hour reimbursement rate. Such businesses have fewer training resources than large employers and cannot release large numbers of workers for training at one time.

Therefore, the classroom/laboratory fixed-fee rate should be raised to \$20 per trainee, per hour, for training that meets one of the following conditions:

- a) Training which requires a trainer to trainee ratio of 1:10 or less, in advanced technology skills, customized to occupations which involve the production or use of the most sophisticated equipment and software in fields such as electronics, computers, and biotechnology. (Basic types of computer skills training do not qualify for the higher rate -- such as word processing skills, EXCEL, PowerPoint, Page Maker, and Internet navigation, since they are less complex and less expensive to deliver, and are more generic and used across many industries. Contractors who have previously received the standard \$13 per hour rate for a type of training will not qualify for the higher rate, unless they provide evidence the training costs merit the higher rate, and they are unable to secure in-kind contributions to pay costs in excess of the standard fixed-fee.)
- b) On-site customized training for small employers with 100 or fewer employees.

Staff reviewed issues related to budget-based agreements to determine where changes in requirements might be appropriate. Suggestions from customers and staff were considered. As a result, changes in CCR Section 4412, "Reasonable Training and Administrative Costs for Budgets" are recommended to: a) clarify "reasonable" costs; b) provide for private training agency profits; c) add software/licenses to the list of allowable operating expenses and equipment costs; d) clarify allowable payroll taxes, fringe benefits, equipment and premises costs; e) add a "miscellaneous" category for training costs; and f) provide for other technical clarifications within the regulation.

Additionally, for consistency with allowable support costs already included for budgets, CCR Section 4411, "Fixed-Fee Contracts" should be revised to include additional support costs for both new hire and retrainee contracts with multiple employers, including: consumable supplies, printing, communications, and equipment. However, the support cost cap should not be increased, since there is little evidence that the current percentage is inadequate.

Finally, if a higher fixed-fee rate is approved for advanced technology training, it is recommended the use of budgets should be restricted, and approved only when contractors can provide evidence they are not able to cover costs in excess of the fixed-fee with in-kind contributions from the participating employers.

Since the modified rate has largely been applied by approving catalog rates, the Panel is paying for some non-allowable costs that are included in the catalog rate. By approving a higher rate for training meeting the criteria previously described, while enabling employers to contribute to the higher costs of training, those contractors currently using catalog rates or budgets would be provided a viable option. Therefore, the use of modified (catalog) rates should be discontinued in lieu of the fixed-fee or budget as a method of reimbursing training costs.

X. PUBLIC COMMENT

Steve Duscha, Alliance for ETP, stated the Alliance supports most of the staff's recommendations. He requested the Panel revisit the adequacy of the fixed fee issue later in the year. The Alliance suggests adding a statement to the staff's recommendation reserving to the Panel the authority to use the \$20 fixed fee rate for the purposes listed or for other high cost proposals that further the objectives of ETP. The Alliance supports the elimination of the catalog rates.

Kathleen Milnes, Senior Vice President, Entertainment Industry Development Corporation, emphasized the "painful" budget process and agreed that the budget process needs much improvement. She pointed out to the Panel that employers do make a contribution to the training program through their employer taxes. She was concerned about the fixed fee rate for small employers in training categories that include a wide range of skill levels, such as work processing training that ranges from basic to advanced high tech computer training. Ms. Milnes also voiced concern regarding the eligible SIC codes and the Entertainment Industry is currently working on recommendations to bring to the Panel.

Debra Esparza, Executive Program Advisor, Latin Business Association Institute, expressed her concern on access to capitol, technology, and a skilled workforce for extremely small businesses.

Sallyanne Polizzi, Project Manager for Training Services, Manex, voiced her support of the ETP program.

XI. FIXED FEES, PUBLISHED RATES, BUDGETS, AND EMPLOYER CONTRIBUTIONS/PANEL ACTION

Mr. DeMauro went over the regulatory process. The general rule in California is any rule of general application that is not strictly a housekeeping rule is required to go through the regulatory process.

The process gives the public the opportunity to see what an agency is doing and a chance to comment on proposed regulations. The emergency regulatory process allows regulations to be processed immediately and is in effect for only 120 days after which time the regulation is required to go through the normal regulatory process within 45 days. Mr. DeMauro suggested the Panel consider each of the proposed changes as emergency regulations with the finding that the continued jobs of many Californians are dependent on the implementation of the new rate structure. If the regulations do not meet the criteria of emergency regulations by the Office of Administrative Law (OAL), staff will initiate the full regulatory process.

ACTION: Ms. Noyes moved and Ms. Shockley seconded the Panel approve each of the proposals as emergency regulations and if not approved by the OAL, to proceed with the full regulatory process.

Motion carried, 5 – 0.

Mr. Rankin asked staff to comment on Mr. Duscha's observation concerning training other than high tech training that is equally costly. Ms. Carrillo stated staff agrees with Mr. Duscha's comment and language allowing the Panel some discretion for those economic development situations will be incorporated into the proposal.

Mr. Rankin requested the removal of Workers' Compensation from Section 4412(a)(2). Worker's Compensation is not a payroll tax.

Ms. Carrillo presented a proposed revision to CCR Section 4400 (l), to modify the definition of "In-kind contributions" to provide a broader definition and include "employer contributions," as a specific type of "in-kind contribution," by which employers share those costs of training not covered by ETP funding.

ACTION: Ms. Noyes moved and Ms. Shockley seconded the Panel approve the regulation revision as proposed by staff.

Motion carried, 5 – 0.

Ms. Carrillo presented a proposed revision to CCR Section 4411(a) to add "complexity of the training" and "size of employer served" as factors for varying fixed-fee rates, and Sections 4411(g) and (h) to include additional support costs for both new hire and retrainee contracts with multiple employers.

ACTION: Ms. Shockley moved and Mr. Zuniga seconded the Panel approve the regulation revision as proposed by staff.

Motion carried, 5 – 0.

Ms. Carrillo presented a proposed revision to CCR Sections 4411(e), "Fixed-Fee Contracts" and 4412.1(a)(1), "Training Costs Charged to Trainees" to delete reference to the fixed-fee as covering all training costs.

ACTION: Ms. Shockley moved and Mr. Zuniga seconded the Panel approve the regulation revision as proposed by staff.

Motion carried, 5 – 0.

Ms. Carrillo presented a proposed revision to CCR Section 4412, “Reasonable Training and Administrative Costs for Budgets” to: a) clarify “reasonable” costs; b) provide for private training agency profits; c) add software/licenses as an allowable operating expenses and equipment cost; d) clarify allowable payroll taxes, fringe benefits, equipment and premises costs; e) add a “Miscellaneous” category for training costs; and f) provide for other technical clarifications within the regulation; and delete CCR Section 4400 (k), “Indirect cost”, since a new “Miscellaneous” category is recommended for inclusion in CCR Section 4412, which eliminates reference to indirect costs, thus eliminating the need for a definition of the term.

ACTION: Ms. Shockley moved and Ms. Noyes seconded the Panel approve the regulation revision as proposed by staff.

Motion carried, 5 – 0.

Ms. Carrillo presented a proposal for a new regulation specifying conditions under which multiple employer contractors may charge participating employers for costs not covered by ETP funding. A multiple employer contractor may charge participating employers for training related costs incurred by the contractor that are not reimbursed by ETP, provided the contractor certifies that any charge to the participating employers does not duplicate costs to be reimbursed by ETP; informs ETP of the maximum amount per trainee that a participating employer may be charged; and notifies each participating employer in writing, prior to the start of training, the cost per trainee that ETP will reimburse, and specifies the amount being charged to the participating employer that is not covered by ETP funding.

A copy of the notification letter sent to the participating employers must be counter-signed by the employer and made available for review by ETP. The Panel shall make public on its Internet website the name of the multiple employer contractor, the type of training, and the maximum amount per trainee charged to participating employers. No training costs can be passed on to a trainee.

ACTION: Ms. Shockley moved and Ms. Noyes seconded the Panel approve the new regulation as proposed by staff.

Motion carried, 5 – 0.

Ms. Carrillo presented a proposed revision to the Fixed-Fee Training Rate Table to provide for a new \$20 per hour reimbursement rate for retraining contracts, which meet specific criteria.

Ms. Shockley recommended staff revisit the \$20 per hour reimbursement rate for small employers who are doing the very high tech, expensive training and present a more realistic figure.

ACTION: Ms. Shockley moved and Mr. Zuniga seconded the Panel approve the new regulation as proposed by staff.

Motion carried, 5 – 0.

Ms. Carrillo presented a recommendation to discontinue approval of modified (catalog) rates as a method of reimbursing training costs, since such rates include costs not allowable by ETP.

ACTION: Mr. Rankin moved and Ms. Shockley seconded the Panel approve the use of modified (catalog) rates as a method of reimbursing training costs be discontinued as proposed by staff.

Motion carried, 5 – 0.

Ms. Carrillo recommended that applications requesting use of a budget be approved by the Executive Director prior to contract development, based upon evidence that the contractor is not able to cover costs in excess of the fixed-fee with in-kind contributions.

ACTION: Mr. Rankin moved and Ms. Noyes seconded the Panel approve the recommendation proposed by staff.

Motion carried, 5 – 0.

Ms. Carrillo asked the Panel to direct staff to proceed with all other necessary administrative procedures and processes to implement the preceding recommendations.

ACTION: Ms. Shockley moved and Mr. Rankin seconded the Panel direct staff to proceed with all other necessary administrative procedures and processes to implement the preceding recommendations.

Motion carried, 5 – 0.

CALENDAR, FINAL AGREEMENTS AND AMENDMENTS

Mr. Wright reported there were no items for the Consent Calendar.

Amendments

Del Monte Foods

Diana Torres, manager of ETP's San Diego field office, presented an Amendment for Del Monte Foods in the amount of \$158,256 bringing the Agreement total to \$529,189. Del Monte is a large processor of brand-name canned fruits and vegetables. Select trainees from Del Monte's current Agreement have received appropriate classroom training and most SOST. The remainder of SOST can only be given during the seasonal processing of the products. Del Monte's Modesto

plant will be transitioning to a “super plant” and changing products from vegetable to fruit. Del Monte would like to delete Jobs 1-8 and reduce Jobs 9-11 and use these funds from the present contract and an additional \$158,256 in funds to provide production training to an additional 693 employees who now need to acquire the new skills immediately. Up to 20 hours of instruction in equipment safety skills will be provided to a handful of supervisors and administrative support staff whose mandated job duties include familiarity with emergency procedures. Such training must be provided as newly installed automated equipment, including robotics, constitute potentially serious hazards to the workforce. This proposed Amendment enhances the original intent of the Agreement. The in-kind contributions are approximately \$148,000 for training and training related expenses not covered by ETP funds. This project is supported by the Teamsters California State Council of Cannery and Food Processing Unions.

Ms. Torres introduced Dale Bartley, Manager of Training and Development. Mr. Bartley described Del Monte’s new fruit products and the new technologically advanced fruit-processing environment using robotics. Mr. Rankin was concerned about the safety training going only to a handful of employees and not the line workers. Mr. Bartley assured Mr. Rankin that Del Monte’s quality of safety is just as important as the quality of their product and that Del Monte provides safety training to all their employees at Del Monte’s expense and not state provided funds.

ACTION: Mr. Rankin moved and Mr. Zuniga seconded the Panel approve the proposed Amendment as proposed.

Motion carried, 5 – 0.

Institute of Computer Technology

Mr. Wright announced the Institute of Computer Technology has withdrawn their proposal from this Panel meeting.

La Opinion (SET)

Mr. Tagami presented an Amendment for La Opinion in the amount of \$22,176. La Opinion is a Spanish-language, single-copy regional daily newspaper with a daily circulation of over 100,000 copies. The Contractor’s original training plan was designed to provide 68 hours of classroom/lab training and 44 hours of SOST in Continuous Improvement to trainees in Jobs Numbers 4 and 5. In order to stay within the Panel’s 200-hour cap for retraining, hours were decreased in the original Agreement. The Contractor reports that all trainees enrolled in these two job numbers have completed all class/lab hours and at least 60 percent of the SOST hours, indicating the sufficient performance requirement has been met. The Contractor is requesting an increase in the class/lab and SOST hours for Continuous Improvement to restore the hours and complete the program as originally planned. This project has the support of the Teamsters Local 986 Miscellaneous Warehousemen, Drivers and Helpers. Staff recommended that the Panel find the Contractor’s request reasonable and approve the Amendment.

ACTION: Mr. Rankin moved and Ms. Shockley seconded the Panel approve the Amendment as recommended.

Motion carried, 5 – 0. .

West Los Angeles College/Center for Economic Development and Continuing Education (SET)

Mr. Tagami presented an Amendment for West Los Angeles College/Center for Economic Development and Continuing Education. Many trainees have already participated in this program by completing at least 40 hours of training and a 90-day retention period. A number of participating employers need workers to continue to build their skill levels in other areas. The Contractor is requesting this Amendment to shift 40 slots from Job #1 into a new Job #5 to allow previous trainees who completed the program to re-enroll in Job #5 and attend an additional 40 hours of training. There are no changes to the total number of trainees to be retained or to the amount of the Agreement. Staff recommended that the Panel find the Contractor's request reasonable and approve the Amendment based on the continuing needs of participating employers to retrain their workers in new skills.

ACTION: Mr. Rankin moved and Ms. Noyes seconded the Panel approve the Amendment as recommended.

Motion carried, 5 - 0.

XII. REVIEW AND ACTION OF AGREEMENTS AND PROPOSED AGREEMENTS

One-Step Agreements

SMC Pneumatics, Incorporated

SMC Pneumatics, Incorporated, representatives asked and was allowed by the Chairman to present their proposal out of order as they needed to leave for a prior appointment.

Ms. Torres presented a One-Step Agreement for SMC Pneumatics, Incorporated, for a total program cost of \$171,608. The ETP-funded training consists of a Menu Curriculum that will be provided to 146 employees. Based on their training needs assessment, an employee will be provided training in Continuous Improvement, Business Skills, Computer Skills, Management Skills, and/or Manufacturing Skills training so that they can attain the skills to enable the company to adapt to a high performance workplace. Without ETP funds, the company could only provide a portion of this training. The employees being provided training would be reduced and the company would need to provide the training over an extended period of time with negative impact on the continuity, effectiveness, and quality of training. Training and training related costs not covered by ETP funds are estimated at \$30,000 - \$50,000 and wages of trainees paid during training are estimated at \$90,000 – \$110,000. SMC Pneumatics, Inc. proposes to provide training in two phases due to current business needs. Upon satisfactory performance in Phase I, the company will submit an Amendment to incorporate a Phase II training to provide additional training hours from the Menu Curriculum to Phase I trainees at a projected cost of \$103,140. The incorporation of Phase II training would bring the Agreement total to a minimum of \$272,772.

Ms. Torres introduced Yoshiki Takada, Director in Charge of North Central & South America, and Jerry Schoen, Quality Assurance Manager. Mr. Rankin asked what the average manufacturing wage is for Orange County. Mr. Takada estimated the average wage is \$40,000 per year.

ACTION: Ms. Shockley moved and Ms. Noyes seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 - 0.

American Steel Frame, Incorporated (Welfare to Work)

Charles Lundberg, acting manager of ETP's Sacramento field office, presented a One-Step Agreement from American Steel Frame (ASF), Incorporated (Welfare to Work) in the amount of \$96,560 to retrain 52 employees. American Steel Frame, Inc., manufactures metal framing for the residential construction industry. The company uses specialized roll-forming machines that produce house frames tailored to custom blueprint designs. ASF officials state that the machinery for producing steel frames is more complex than "the simple builder's square and power saw" used for construction of wood-frame housing units. Workers require more complex skills for the successful manufacture and assembly of steel frames. Training is required for ASF employees, who will need technical and problem-solving skills. American Steel Frames is proposing a Continuous Improvement curriculum that will provide a spectrum of training modules including Roll Forming & Assembly, Steel Construction, Blue Print Reading, Communication Skills, Team Skills, Conflict Management, and Time Management. Company officials have stated that cross training is a crucial element in the training plan, to maximize flexibility as the company's business volume increases. Many of the trainees included in the accompanying Agreement will be hired by the company over the next 60 to 90 days, thus creating new jobs in central California. Also Included in the plan is a welfare-to-work component. ASF has experience as an employer of former welfare recipients, having already hired seven workers recruited through San Joaquin County Worknet, which provides support services such as childcare, transportation, etc., when needed. Thus, ETP funds will not be used for such support services for any of the welfare-to-work trainees. ASF officials state that the seven individuals will remain employed at the company, for a welfare-to-work success rate of 100 percent.

Mr. Lundberg introduced Ray Grage, President, and Paul Ta, Executive Vice President of ASF; and David Alloway, President, Horizon Training and Development. Mr. Rankin questioned the minimum wage paid by ASF. Mr. Ta responded that the minimum wage to be paid to the workers will be \$8 per hour plus benefits.

ACTION: Mr. Rankin moved and Ms. Noyes seconded the Panel approve the One-Step Agreement as presented.

Motion carried, 5 - 0.

American Trucking School, LLC

Mr. Lundberg presented a One-Step Agreement from American Truck School, LLC, for the training of 100 new hires in the amount of \$287,280. American Truck School, LLC, operating with the

approval of the California Bureau for Private Post secondary and Vocational Education, provides vocational instruction in commercial truck driving to qualified individuals. American Truck School's stated philosophy is to provide quality training, followed by placement services designed to bring graduates and employers together resulting in jobs. Employment in the trucking industry has grown extensively in California in recent years, and will continue to grow. The trucking industry pays an average annual wage of over \$32,000. Employer demand continues to exceed the number of qualified, trained truck driving job applicants. American Truck School is proposing to train and place 100 California unemployment insurance recipients (or recent exhaustees). Due to the nature of the occupation, trainees who complete and seek employment may accept a related job offer anywhere in California. Staff recommended that the Panel approve the One-Step Agreement based on the continuing and growing need for trained and qualified commercial truck drivers throughout California, and based on the prospect of moving as many as 100 California citizens from unemployment into full-time, year-round work.

Mr. Lundberg introduced Roger Smith, Co-Owner. Mr. Rankin questioned American Truck School's minimum wage of \$7.83 per hour. Mr. Smith explained the \$7.83 per hour is ETP's minimum wage requirement, American Truck School's minimum wage is higher. Ms. Bradshaw pointed out that these are new hires coming off unemployment. Mr. Smith stated these employees also receive full benefits.

ACTION: Ms. Noyes moved and Mr. Zuniga seconded the Panel approve the One-Step Agreement as presented.

Motion carried, 5 - 0.

BHP Steel building Products, USA, Incorporated

Mr. Lundberg presented a One-Step Agreement from BHP Steel Building Products USA, Inc. in the amount of \$128,180 to retrain 125 employees. BHP Steel Building Products USA, Inc., manufacturers steel roofing, cladding (a metal coating bonded onto another metal), and other roll-forming building products. Under its previous ETP contract, BHP Steel Building Products USA built a stable base of core skills, moving the company closer to a high performance workplace. The purpose of the current application is to implement the company's second step toward higher performance, providing advanced Continuous Improvement skills. The company's intent is that all employees, whether in manufacturing or in support services, will work with an active awareness of how their job duties contribute to BHP's sales goals, and to provide the multiplicity of skills required and consequent higher performance.

Mr. Lundberg introduced Joe Coubal, President of BHP, and David Alloway, President of Horizon Training and Development.

ACTION: Ms. Shockley moved and Mr. Zuniga seconded the Panel approve the One-Step Agreement as presented.

Motion carried, 5 - 0.

Canandaigua Wine Company

Mr. Lundberg presented a One-Step Agreement from Canandaigua Wine Company in the amount of \$136,164 to retrain 83 employees. The company manufactures and distributes wine, beer, distilled spirits and cider for the retail consumer in the state of California and abroad. Canandaigua employs 450 full-time California employees and is in the process of transitioning to become a high performance workplace by changing the way technology and workers interact in the production process, and responding to customer demands for a high quality product. This process will require the implementation of self-directed work teams. These teams will identify, clarify, prioritize, and resolve problems in an efficient and effective manner. Basically, each production run will be a project in itself and the labor force will need to know how to adjust as a "production team" for each run. In addition, interaction between the production process and computer technology will use data and specifications on-line to reduce delays and problems as a result of setup and control. The self-directed teams will also evaluate the new automated filing and labeling workstations used during production. In order to transition to a high performance workplace, Canandaigua must train the workers in maintenance, bottling, and production operations. This project will retrain 83 maintenance mechanics in continuous improvement processes to address issues, line changes, innovations and new specifications regarding product changes through production runs. The training will range from 40 to 196 hours of class/lab and SOST. Skills training to be provided by in-house and vendor trainers includes equipment and maintenance operation improvements, problem solving, programmatic logic controls, computer network for production lines, team building, and customer service. The Distillery, Wine, & Allied Workers Division Local Union No. 45D support this project.

Mr. Lundberg introduced Roger Pietz, Plant Maintenance Manager. Mr. Pietz stated Canandaigua has been working with the Unions for the past three years developing a training program. Ms. Shockley stated the division of Southern California Edison that is helping with the training is a separate affiliate company and not part of the Company which she is a part of, and therefore, she has no financial/conflict of interest.

ACTION: Mr. Rankin moved and Mr. Zuniga seconded the Panel approve the One-Step Agreement as presented.

Motion carried, 5 - 0.

J. B. Radiator Specialties, Incorporated

Mr. Lundberg presented a One-Step Agreement from J. B. Radiator Specialties, Inc. in the amount of \$203,250 to retrain 165 employees. J. B. Radiator Specialties, Inc., designs and manufactures cooling system products, ranging from components such as sheet metal radiators, bolted radiators, remote mounted radiators, oil coolers, charge-air coolers, and after-coolers; to fully integrated vehicle cooling packages. Products are custom designed, requiring a high degree of precision and accuracy. Products must also be delivered in a timely fashion to meet the needs of customers. In order to maintain market share, J. B. Radiator Specialties must become a lower cost producer. The company's principal strategy for achieving this is to increase efficiency and productivity and thus reduce costs, primarily through the implementation of a World Class Manufacturing system. To reach this goal, training is required that will bring the company closer to

a high performance workplace. Company officials state that the process, from design to shipping, will work best when employees have a stake in day-to-day decision-making. J. B. Radiators will fully implement a team environment, to help move production-related decisions out of management's purview onto the shop floor. Employees will decide how equipment is laid out, how the production process will flow, and what will be eliminated from the process. The company is proposing a Continuous Improvement curriculum that will include instruction in these areas, as well as in the implementation of a "just-in-time" environment, waste and rework reduction, troubleshooting, problem solving, cross-functional team skills, continuous quality improvement, and improved responsiveness to both internal and external customers. The company also sees the training as a way to break down barriers between departments, thus fostering a spirit of partnership that will allow employees an understanding of system-wide production, from initial design to shipping. The company's goals are increased efficiency and productivity, and consequent improvements in business viability and competitiveness.

Mr. Lundberg introduced Rick Ellstrom, Vice President. Mr. Rankin asked how many of the employees are at the low range of the pay scale. Mr. Rick Ellstrom estimated 10 percent of the employees are at the lower end of the pay scale and they are mainly entry level.

ACTION: Mr. Rankin moved and Ms. Shockley seconded the Panel approve the One-Step Agreement as presented.

Motion carried, 5 - 0.

E. & J. Gallo Winery

Mr. Lundberg presented a One-Step Agreement from E. & J. Gallo Winery in the amount of \$406,000 to retrain 350 employees. E. & J. Gallo Winery employs approximately 3,292 full-time California workers. The company produces and sells wine, brandy and malt products under various brand names such as Livingston Cellars, Carlo Rossi, and Bartles & James. These products are distributed and sold throughout the North American Continent and around the world. The wine industry in California has undergone enormous changes and growth. In the last three years, the competitive market has expanded to more than 850 wineries in California. Outside of California there are more than 450 U.S. wine producers competing for space on retailer shelves and wine lists. In addition, Internet and direct sales from countries that produce high volume and have low cost production, such as Chile, Brazil, and South Africa, also contribute to the competitive marketplace. This national and international level of competition challenges Gallo's efforts in maintaining its market share of the table wine business. Gallo's response is to create a high tech team-based work environment in a high performance workplace that provides quality products through reduced rework and waste, increased efficiency of the production process, and increased material utilization. Specifically, this second project will retrain 350 team leaders, process leaders, production workers, mechanics, and operators. Trainees will receive 40 class/lab hours and 80 SOST hours of continuous improvement training. The training includes courses in team membership, problem solving, team meetings, how to use scorecards for quality, productivity, team development, and the competitive edge. The U.F.C.W., Wine, Distillery and Allied Workers' Local 186D supports this project.

Mr. Lundberg introduced John Monroe, Senior Director of Operations, and Pedro Mendez from Modesto Jr. College. Mr. Monroe introduced David Rodriguez, President of the United Food and Employment Training Panel

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Commercial Workers International Union, and Mary Ann Parker, Senior Trainer from E. & J. Gallo Winery, who have been working together on implementing this training project.

ACTION: Mr. Rankin moved and Ms. Shockley seconded the Panel approve the One-Step Agreement as presented.

Motion carried, 5 – 0.

Oxman College (Welfare to Work)

Mr. Lundberg presented a One-Step Agreement from Oxman College in the amount of \$893,760. Oxman College is a private vocational school that focuses on customized training for California employers. Course offerings include computer programming, office automation, and a variety of continuous improvement and high performance workplace training. Oxman offers training at its facilities in San Francisco and Sacramento and at employer sites and special facilities throughout Northern California. Specifically, this program will retrain 150 individuals who are working and who are currently receiving CalWorks benefits or have received CalWorks benefits within one year of commencement of training, as certified by their county of residence. Welfare to work trainees will be employed at least 20 hours per week during training, and will work a minimum of 30 hours per week during the 90-day employment retention period. All training will be provided as structured, on-site training (SOST). The SOST includes both personal or life skills to help welfare recipients adjust to the world of work and specific skills training. Oxman College will provide a portion of the SOST, and employer staff will provide the remainder. Oxman will subcontract with participating employers for the provision of SOST. Prior to training most trainees have limited work experience and limited ability to perform their new jobs. The challenges faced in providing training include helping trainees adjust to the working world, balancing work and family responsibilities, and learning specific vocational skills required for success on the job. Successful training will provide employers with skilled employees.

The College currently provides educational services to CalWorks participants enrolled through the San Francisco Private Industry Council and the San Francisco Department of Human Services. Over the last nine years the college has provided training for welfare recipients and other low income trainees as a JTPA vendor in Alameda, San Mateo, and San Francisco counties. Oxman College has working relationships with welfare departments in Contra Costa, Alameda, and San Francisco counties. The college will work closely with these county agencies to insure that appropriate child care, transportation, and other services are made available to ETP trainees.

The Contractor's original funding request was \$1,489,600. Panel staff discussed the funding amount with the Contractor and a lesser amount has been negotiated. Furthermore, Panel staff agree that the Contractor may come back to the Panel and request additional funds once the Contractor has enrolled 100 trainees in this Agreement. However, before the Contractor enrolls any trainees in this Agreement, the Contractor must enroll the ten W2W trainees in its other W2W project.

Mr. Lundberg introduced Michael Dvorkin, President, and Lana Dvorkin, Training Coordinator from Oxman College; and Steve Duscha, Consultant, Steve Duscha Advisories. Mr. Rankin was concerned with the large amount of money to train only 150 people and the low wage of \$5.75 per

hour. He was concerned the state would be spending a great deal of money to train people who will not be able to live on only \$5.75 per hour. Mr. Duscha responded by stating the \$5.75 per hour was listed as the ETP minimum wage requirement. Mr. Duscha stated they would have no objection with changing the minimum wage to \$8.00 per hour.

ACTION: Ms. Noyes moved and Mr. Zuniga seconded the Panel approve the One-Step Agreement as presented with the change in the minimum wage from \$5.75 per hour to \$8.00 per hour.

Motion carried, 5 - 0.

Randstad North America, dba Randstad US LP (SET)

Mr. Lundberg presented a One-Step Agreement from Randstad North America in the amount of \$46,800 to retrain 80 workers under the SET fund. Randstad is an international professional services firm. This project will provide 80 full-time frontline employees with 45 hours of class/lab training in business skills. The first component of training will be a core course, which focuses on concepts and skills related to organizational change. The second component will focus on job specific training. The primary goals of this component are to identify what will be different for the participants in their new roles and to ensure they have the knowledge and skills needed for success. The in-kind contribution is estimated at \$100,000, for trainees' wages during training.

The 1999 turnover rate for its California facilities was 22 percent. According to the contractor's representative, this turnover rate was due to acquisition and consolidation of new companies. Randstad requests that the Panel find its 1999 turnover rate acceptable because of the recent consolidation efforts, and because this training program will improve the turnover rate to 20 percent or less. Staff recommended inclusion of a provision in the Agreement that if the turnover rate exceeds 20 percent during the final year of the Agreement, the 25 percent of the training funds would be withheld.

Staff did not recommend approval of this project because the contractor had not sufficiently shown that the proposed curriculum is not training the contractor would ordinarily provide in the normal course of doing business. Because of these concerns, the staff could not recommend approval without additional assurances from Randstad.

Mr. Lundberg introduced Virginia Means, Managing Director of Randstad; and Mark Lawson and Michael Smith, Consultants, Deloitte & Touche. Chairman Duncan asked Ms. Means to address the Panel's concerns regarding the turnover rate and training that appears to be the normal course of business training rather than supplemental. Ms. Means explained the turnover rate was due to consolidation of a recent acquisition of several companies. Due to the recent acquisitions it is essential for the success of the company that all personnel receive uniform training. Chairman Duncan believed the core course curriculum as presented was not supplemental.

ACTION: Mr. Rankin moved and Chairman Duncan seconded the Panel reject this One-Step Agreement.

Roll call vote on motion to reject proposal unanimously carried, 5 – 0.

Redwood Empire Electrical Training Trust (SET)

Mr. Lundberg presented a One-Step Agreement from Redwood Empire Electrical Training Trust (SET) in the amount of \$41,700. This project was brought to the Panel through the marketing efforts of the California Labor Federation, AFL-CIO, and Workers Assistance Program. This project will utilize Special Employment Training (SET) funds under Section 10214.5(a)(1) supporting training for frontline workers in occupations that pay 95 percent of the state average hourly wage in businesses difficult to serve under the Panel's standard project format. The Redwood Empire Electrical Training Trust (REETT) is the Joint Apprenticeship Training Committee (JATC) for the National Electrical Contractors Association (NECA) and the International Brotherhood of Electrical Workers (IBEW) Local 551. REETT and the Redwood Empire Joint Apprenticeship Training Committee (REJATC) provide a qualified, highly skilled workforce for the unionized electrical industry. Most of the resources and training are provided to apprentice electricians in two categories: inside wire electrician, which currently includes 84 apprentices, and the sound and communication electrician category, which currently includes 36 apprentices. However, no apprenticeship training will be done with the use of ETP funds. Journey-level training is provided only when funds are available. Thanks to the booming local economy, the apprentices are fully employed requiring the center to direct all its current resources to their training. This has left the center with no surplus funds to train journey-level electricians. This journey-level training is necessary for three reasons: 1) Journeyman electricians who may have graduated ten to twenty years ago have not had the opportunity to receive training to enable them to keep pace with the rapidly developing and changing technology involved in electrical construction. 2) Because of the continuous changes in technology and the electrical construction industry, the National Electrical Code is reviewed and revised every three years. Journey level electricians must receive training on the National Electrical Code changes and requirements. 3) The State of California has enacted legislation requiring the licensing of all electricians effective on or before January 1, 2001. This project will train and prepare 60 journey-level electricians to pass the licensing exam. Trainees will also be trained in new electrical construction requirements, and National Electrical Code changes. All training will be provided by Redwood Empire Electrical Training Trust instructors. This project is supported by International Brotherhood of Electrical Workers, Local Union 551.

Mr. Lundberg introduced Darrell Jones, Training Director.

ACTION: Mr. Zuniga moved and Mr. Rankin seconded the Panel approve the One-Step Agreement as presented.

Motion carried, 5 - 0.

Stockton Newspapers, Incorporated, dba The Record

Mr. Lundberg presented a One-Step Agreement from Stockton Newspapers, Incorporated, dba The Record in the amount of \$225,498 to retrain 241 employees. The Record is a part of the World-Herald family of papers, which includes five daily newspapers, a group of weeklies, and a direct marketing firm. The World-Herald also has investments in telemarketing, election services, communications, and software companies. Newspaper officials report that the Record is currently under pressure to reduce costs and improve productivity, and has therefore begun installing new

computer systems and implementing new procedures heralding a significant change in the way the newspaper does business. For the more complex skills needed for successful implementation of these changes, training is required. In the past, the newspaper has relied on a top-down, hierarchical management structure, but employees will be increasingly relied on for problem solving and production-related decision making, with a minimum of supervision. The training plan is also designed to advance team skills in the workforce. In addition, the Record has expanded onto the World-Wide Web, and has installed advanced printing equipment and new software designed to streamline production operations and enhance workplace communications. Instruction in these areas is therefore a priority, and has been included in the company's plan. Specifically, the Record is proposing a curriculum comprised of training in Continuous Improvement, Computer Skills, Management Skills, and Supervisor Leadership. Newspaper officials are confident in predicting that the enhanced skill levels that the training will bring to the workforce will lead to improved productivity and cost effectiveness, and the greater overall competitiveness of the business.

Mr. Lundberg introduced Sandi Larranaga, Human Resources Director; and Walter Saunders, Training & Development. There were no questions from the Panel.

ACTION: Mr. Rankin moved and Ms. Shockley seconded the Panel approve the One-Step Agreement as presented.

Motion carried as a committee of the whole, 4 – 0 (There was no quorum at the time of the vote as Mr. Zuniga was absent during voting.)

Mr. Zuniga returned and the Panel proceeded with action on Stockton Newspapers, Incorporated.

ACTION: Mr. Rankin moved and Ms. Shockley seconded the Panel approve the One-Step Agreement for Stockton Newspapers, Incorporated as recommended by the committee of the whole.

Motion carried, 5 – 0.

Hotel Sofitel San Francisco Bay

ACTION: Mr. Rankin moved and Chairman Duncan seconded the Panel table the One-Step Agreement for Hotel Sofitel.

Motion carried, 5 - 0.

SAP Labs, Incorporated

Ms. Torres, manager of ETP's San Diego field office, presented a One-Step Agreement from SAP Labs, Inc. in the amount of \$464,000 to retrain 400 software developers, production managers, and quality managers over the next year. SAP Labs, Inc. is a subsidiary of and serves as the software development center for SAP AG, a maker of complex software systems that integrate processes within and among business enterprises. SAP software systems, often described as "enterprise resource planning," create electronic links among all areas of a firm or group of firms,

including business processes, human resources, manufacturing, forecasting, sales, customer relations, and supplier relations. In order to successfully diversify its products and services, SAP Lab employees must be retrained to develop new Internet-based software programs in new languages and configurations. Training in the menu of Computer Skills required will consist of 40 classroom/laboratory hours, 40 hours of computer-based training and 40 hours of SOST for all 400 retrainees. All training will occur on company premises and be provided by California-based vendors and qualified in-house trainers.

SAP Labs has certified that the proposed training will supplement rather than displace existing training; would not occur in the form and manner prescribed without ETP funds; and, has not been provided within the past three years to the same employee groups. The Contractor further states that training and training-related costs not covered by ETP funds total \$800,000 and wages paid to employees during the ETP training will cost the company \$2,180,000.

Ms. Torres introduced Carrie Krehlik, Manager of Employee Development Training & Education; and Steve Duscha, Consultant of Steve Duscha Advisories. There were no questions from the Panel.

ACTION: Mr. Zuniga moved and Ms. Shockley seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0.

Seagate Recording Media Corporation

Mr. Torres presented a One-Step Agreement for Seagate Recording Media Corporation in the amount of \$327,600. Seagate Recording Media Corporation is the world's largest manufacturer of disc drives, magnetic disks and read-write heads, an innovator in tape drives, and a leading developer of software for enterprise information management. Customer demands for quicker development cycles, faster production ramps, higher quality, and lower prices are increasing dramatically. In order to meet these competitive pressures and maintain production in California, company management has decided to introduce conversion to the corporation by implementing an advanced quality improvement. The goal is to improve processes in all aspects of the organization including products, services, manufacturing, marketing, sales, and administration. Adapting these practices requires extensive retraining of Seagate's workforce, approximately 120 trainees in Fremont, 80 trainees from Scotts Valley, and 115 trainees at the Costa Mesa site. For this reason, the company has asked for and received the Panel's assistance in training a core group of several hundred employees from across all occupations at sites in Anaheim and Milpitas. Like their predecessors, trainees enrolled under this contract will learn structured methods of problem-solving and prevention, and be able to find and amend root causes of defects in a more thorough and timely manner. By quantifying and understanding cause-and-effect relationships in detail, employees will be able to optimize and control the design of the process and reduce defects, increase customer satisfaction, and improve manufacturing processes to world-class levels. This training will allow Seagate Recording Media Corporation to continue its adaptation to a high performance workplace in San Jose, Scotts Valley, and Costa Mesa. Seagate is requesting a waiver permitting trainers from an out-of-state vendor, Normandale Community College in

Minnesota where Seagate's Divisional Headquarters is also based. All ETP training will occur within California.

Staff believe the contractor has not provided sufficient evidence that the type of training proposed in this Agreement cannot be provided by a California vendor. In fact, Seagate has used California vendors in previous contracts with ETP for this same type of training. Because of these concerns, staff could not recommend approval of the out-of-state vendor unless Seagate can give the Panel additional justification.

Ms. Torres introduced Hoffman Cheung, Senior Director, Quality System and Improvement, and Gary Rauch, Ph.D., Vice President Media Technology. Dr. Rauch explained that beginning the training as soon as possible to remain on the competitive edge required contracting with resources previously used, thus necessitating the use of their out-of-state vendor Normandale Community College. Seagate has regularly contracted with the college to provide training that occurs world wide at Seagate facilities. Because this Seagate Division has very limited resources, it has traditionally relied on the college for help. Under this project, the community college will be coordinating all the training, the facilities at which training will occur, and all the instructional staff. Relying on this partnership is much more cost-effective and efficient than scouting out similar resources in California.

Mr. DeMauro reminded the Panel that Regulation 4421 prohibits the use of out-of-state vendors unless the Panel finds the Contractor's requests for an out-of-state vendor are necessitated by the unique needs of the employer and are unavailable in California. Chairman Duncan asked Dr. Rauch if this is a type of training available in California. Dr. Rauch replied that they have not, as yet, been able to identify any cost-effective trainers.

ACTION: Mr. Rankin moved and Mr. Zuniga seconded the Panel table this proposal.

Motion carried, 5 - 0.

The Contractor asked when the proposal could be brought back to the Panel since they are still in the process of trying to locate a California vendor and their need to begin training as soon as possible is great. Mr. DeMauro stated unless there is a motion to remove a tabled motion from the table, it cannot be agendized. The motion would expire at the end of the next regularly scheduled meeting.

ACTION: Mr. Rankin moved and Ms. Shockley seconded to untable the proposed One-Step Agreement for Seagate Recording Media Corporation.

Motion carried, 5 – 0.

ACTION: Mr. Rankin moved and Ms. Noyes seconded the Panel approve the proposed One-Step Agreement for Seagate Recording Media Corporation be agendized for the April Panel Meeting.

Motion carried, 5 – 0.

Baxter Healthcare Corporation (SET)

Ms. Torres presented a One-Step Agreement for Baxter Healthcare Corporation (SET) in the amount of \$179,218 under the training project profile of a company moving to a high performance workplace and (SET) funds under Section 4409 (b) (6) for workers with barriers to full-time employment. Baxter Healthcare Corporation is the world's leading manufacturer and marketer of intravenous products, including IV fluids in plastic containers for use in hospitals and home care, which are shipped around the world to over 100 countries. Baxter faces increased competition as many competitors have successfully copied their technology and undercut their pricing. Such price reductions are facilitated by the practice of competitors establishing manufacturing plants in overseas locations where labor costs are much lower. Such competitors include Korean companies and Japanese competitors. In an effort to reduce costs and stay competitive in a marketplace that increasingly competes on price, Baxter has recently automated its entire plant to improve the quality of their manufacturing processes. To support this effort, the company has developed strategic goals in the areas of process improvement, quality, customer satisfaction, costs reduction, flexibility, and leadership development. To achieve these goals the IV Systems Division will implement several high performance workplace practices, and proposes to provide training in Continuous Improvement (Team Problem Solving and Process Improvement, Lean Manufacturing Skills), Computer Skills, Literacy Skills (VESL), Management Skills and Manufacturing Skills to 157 employees. There are 36 employees in this training plan that have been assessed as not having the skills or the means to readily participate in the company because they lack English proficiency. These employees have at least two barriers to full-time participation in the company. For these 36 employees to benefit from the job skills training, they must first be provided 50 hours (40 percent of job skills training hours) of Vocational English as a Second language (VESL) training, prior to being provided Continuous Improvement training. The Applicant requests a waiver of the ETP minimum wage at retention of \$10.44 per hour for these 36 employees that have a minimum of two barriers to full time employment in accordance with California Code of Regulations 22(CCR) Section 4409 (b) (6), Special Employment Training Projects.

The Applicant requests a waiver of the requirements of California Code of Regulations (CCR) Section 4421, Out of State Vendors, which allows the use of an out-of-state vendor if the vendor is providing a service that is unique to the employer and is unavailable in California. The company installed the K-Tron Feeding System in March 1999 as part of their automation efforts to improve the quality of manufacturing operations. The Applicant has submitted a letter stating that there is only one company, K-Tron Institute, of Pitman, New Jersey certified to provide this training. There is no vendor in California who provides training on this customized equipment. Additionally, the vendor installed the equipment, and the Baxter parent company in Illinois has previously used the vendor. The training will be provided to maintenance personnel, so that the company can have in-house personnel to do the maintenance and upkeep on the K-Tron Feeding System. The subagreement is for \$9,850 to provide 32 hours of training to five maintenance employees. Staff stated the waiver request appears to be reasonable in that the training is unique, and is not available from any California training vendor.

Staff recommended approval of the One-Step Agreement, if funds are available and it meets Panel priorities, contingent on Panel approval of the Applicant's request to waive the ETP-required minimum hourly wage at retention of \$10.44 per hour for Orange County and allow the minimum

wage at retention of \$6.45 per hour for the 36 trainees with multiple barriers to employment and approval of the company's request to use an out-of-state vendor that is providing unique training not available in California.

Ms. Torres introduced Allen Harmon, Plant Manager. Mr. Rankin questioned the \$6.45 per hour wage and was concerned how people could live on that low wage. Mr. Harmon explained that since this proposal was submitted, Baxter Healthcare Corporation's minimum wage was raised to \$7.00 per hour. The entry-level wage for this industry in Orange County averages \$7.12 per hour. Mr. Harmon stated the \$7.00 per hour rate does not include 15 percent in benefits provided by the Company.

ACTION: Chairman Duncan moved and Ms Noyes seconded the Panel approve the One-Step Agreement as recommended by staff.

Roll call vote was taken and motion carried, 3 - 2. (Ayes: Ms. Noyes, Ms. Shockley, Chairman Duncan. Nays: Mr. Rankin, Mr. Zuniga.)

San Diego Workforce Partnership, Inc. (SET)

Ms. Torres presented a One-Step Agreement for San Diego Workforce Partnership, Inc. for a total program cost of \$48,880 under the training project profile of SET for entrepreneurial training. The San Diego Workforce Partnership, Inc. is a partnership between business and community leaders and the City and County of San Diego. This project targets the small (micro) business. It trains the owner in various facets of small business thus minimizing the potential for failure while enhancing their ability to grow and become economically sound. As a result of the training, these small business owners should have the necessary skills and tools to self promote, remaining viable and competitive, thus enhancing the economic stability of San Diego County.

Ms. Torres introduced Ron Oliver, Director of Employer Services; and Christopher Reardon, Managing Director. Mr. Rankin questioned the wages. Ms. Torres responded that since this is a SET business owner, the wages are not applicable. Mr. Oliver stated that the lowest standard wages are \$11.54 per hour.

ACTION: Mr. Rankin moved and Ms. Shockley seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 - 0.

Anderson Associates Staffing Corporation (Welfare to Work)

Ron Tagami, manager of ETP's North Hollywood Field Office, presented a One-Step Agreement for Anderson Associates Staffing Corporation, an employment agency that provides an array of employment services including Temporary, Temporary to Hire, Full-Time and Outsourcing, in the amount of \$219,450. In this welfare to work project, Anderson Associates is proposing to recruit, screen, hire, and train 50 full-time Certified Nursing Assistants and Certified Home Health Aids on a permanent basis. Training will consist of 275 class/lab hours and will be provided under a

subcontract with CMC Vocational School, and 58 hours of Continuous Improvement training to be provided by the Anderson Associates. Support costs were included to cover the costs for recruitment and coordination of services to be provided through the training program. This project will provide jobs for individuals who are currently receiving CalWorks benefits.

Mr. Tagami introduced Thomas S. Anderson, President, and Dr. Frank Chavis, CMC Vocational School. Ms. Shockley asked what happens to those persons who are to be trained for certification as Nursing Assistants and they do not pass the certification. She said the narrative stated that those who fail to get certified would continue as Anderson employees in the capacity of Companion Driver and Aides. Ms. Shockley was concerned whether these employees would meet the retention requirement. Mr. DeMauro stated staff thoroughly reviewed this project and concluded it would be acceptable.

Mr. Rankin asked when a trainee is placed in a skilled nursing home, what is the amount per hour Anderson Associates charges the nursing home. Mr. Anderson replied the average amount is between \$10 - \$15 per hour. Mr. Rankin stated the employee gets \$7 per hour. Mr. Anderson replied their Company picks up the Workers Compensation, employee taxes, and the supervisory expenses.

ACTION: Ms. Noyes moved and Ms. Shockley seconded the Panel approve the One-Step Agreement as presented.

Motion carried, 4 – 1 (Mr. Rankin opposed).

Computer Education Institute (CEI)

Mr. Tagami presented a One-Step Agreement for Computer Education Institute in the amount of \$1,016,500. This is the third agreement for Computer Education Institute. Constant advances in technology and accessibility of information makes knowledge of the computer a necessity in order to keep up with or take advantage of the data available. With the new network programs, even small companies can share data and increase their ability to quickly make decisions. Computer Skills training is customized to each participating employer's need and is designed to provide their employees with occupational skills that will further the employer's overall goals of increasing productivity, improving communication, enhancing employee retention, reducing technical support costs because employees are better able to troubleshoot and solve problems, and strengthening overall business viability. To meet the participating companies' needs in this third project, CEI is requesting funding to train 950 workers of small and medium sized manufacturing businesses. CEI's training consists of 77 hours of classroom training in Computer Skills using curriculum that reflects the needs of the participating employers. All the classes will be comprised 100 percent of ETP funded trainees and Participating Employer Retraining Certifications (PERC) will be completed and approved as the project progresses. This recommendation is based on the need, as stated, by Computer Education Institute to provide the employees of the participating employers with skills to enhance the ability of these companies to remain competitive.

Mr. Tagami introduced Mr. Sam Afrookhteh, President and Mr. Shane Cowan, ETP Administrator.

ACTION: Ms. Noyes moved and Ms. Shockley seconded the Panel approve the One-Step Agreement as presented.

Motion carried, 5 - 0.

Hussman Corporation

Mr. Tagami presented a One-Step Agreement for Hussman Corporation for a total program cost of \$346,600. Hussman is an international company with ten plants in the United States. They design and manufacture display cases, self-contained merchandisers, and a wide range of related refrigeration equipment. The Chino plant employs 950 workers and operates as a division with its own profit and loss responsibilities. In order to maintain their current market share, Hussman must become a high performance workplace, learning to lower production cost while maintaining quality and customer satisfaction. Staff will be trained in the key components of the "Just In Time Manufacturing" program. They will also receive training in structured problem solving, simplification and other components of Continuous Improvement. This training plan has the support of the Teamsters Union. Local 986, Sheet Metal Workers Union, Local 170, Carpenter, Local 721 and Steam, Refrigeration, Air Conditioning, Pipe Fitters and Apprentices, Local 250.

Hussman Corporation is requesting a waiver to the ETP policy regarding turnover rate. Their turnover rate for 1999 was 24 percent. The representative states the turnover rate is in excess of 20 percent due to the seasonal nature of the supermarket refrigeration industry. Equipment orders usually peak in the third quarter and drop in the first quarter. This has resulted in hiring a "seasonal" staff in the summer and laying them off at the end of the year. Hussmann Chino's turnover rate would have been 18 percent for the past year without the seasonal hiring.

Mr. Tagami introduced Mr. Richard Hodge, Manufacturing Process and Development Manager, and Mr. Rich Hatlen, Plant Manager.

ACTION: Mr. Rankin moved and Mr. Zuniga seconded the Panel approve the One-Step Agreement as presented.

Motion carried, 5 - 0.

Pacific Life Insurance Company

Mr. Tagami presented a One-Step Agreement for Pacific Life Insurance Company in the amount of \$1,148,000 to train 1,000 workers. This is the second project for Pacific Life Insurance. Pacific Life provides life and health insurance products, individual annuities and group employee benefits, and offers to individuals and business pension plans, a variety of investment products and services. Pacific Life began transitioning to a high performance workplace and made cultural shifts in the way workers perform their jobs. With the first ETP contract, Phase I of their training was completed. The company must now continue with Phase II in order to complete the original plan of enhancing work quality and improving productivity. The second phase of training will continue to train current workers at corporate headquarters in Continuous Improvement, Computer Skills, and Business Skills. After training, workers will be equipped in new technology and problem

solving methods, and will be encouraged to be innovative. If this company does not make a cultural change to a high performance workplace, these trainees will not be able to meet the productivity goals and competitive needs of the employer's operation.

Mr. Tagami introduced Anthony J. Bonno, Senior Vice President, and Justine Milberg, Assistant Vice President.

ACTION: Mr. Rankin moved and Ms. Shockley seconded the Panel approve the One-Step Agreement as presented.

Motion carried, 5 - 0.

The Boeing Company, Long Beach Division

Mr. Tagami presented a One-Step Agreement for The Boeing Company to retrain 2,200 employees at a program cost of \$618,300. Boeing currently has four active Agreements. The Boeing 717 program is transitioning to a high performance workplace. Part of Boeing's effort to achieve a "Strategic Business Transformation" in its 717 program is an efficiency and cost reduction program led by employee work teams in a high performance workplace environment. The training proposed under this application will train 2,200 employees in tools for effective teams. Following training, employees will be expected to play a greater role in problem solving and the identification and implementation of productivity and process improvements. This training plan has the support of United Auto, Aerospace and Agricultural Workers of America. The Contractor, together with UAW-Labor Employment and Training Corporation, will administer the contract.

The Contractor is requesting two waivers by the Panel for this Agreement: 1) Exemption to ETP Regulation 4410, Substantial Contribution. The Contractor has submitted an affidavit certifying that if costs are not cut as a result of the program that includes this training, then these Boeing jobs will be lost in California. 2) Waiver to ETP Regulation 4400(y), Minimum of 40 hours requirement. The company is requesting ETP support for 16 hours of class/lab training and 2 hours of computer-based training for Job 1 trainees. The company plans to conduct additional training, primarily on-the-job training, outside the terms of this application. If all training planned by the company were included in this application, the total number of training hours would reach or exceed 40 for all trainees.

Mr. Tagami introduced Mr. Russell J. Rooney, Senior Manager, Mr. Patrick C. McKenna, Director of the Program Management Office, and Ms. Arlene Rios, Employee Involvement, UAW.

ACTION: Mr. Rankin moved and Mr. Zuniga seconded the Panel approve the One-Step Agreement as presented.

Motion carried, 5 - 0.

The Pasha Group

Mr. Tagami presented a One-Step Agreement for The Pasha Group to retrain 162 workers for a total program cost of \$111,120. The Pasha Group is a distributor of new vehicles, military vehicles, and freight service for the relocation of businesses and households. Pasha was the first company on the West Coast dedicated as a processing facility to handle imported automobiles. Facilities are located near deep-water ports accessible to both international marine transportation and major inland rail and truck distribution facilities. In order to remain viable in California, The Pasha Group must convert to a high performance workplace. They must train current workers in Continuous Improvement, which will include modules in Quality Skills, Leadership Skills, Problem Solving, Team Development, Production Workflow, and Computer Skills. Trainees from the National City facility are represented by the Building Material, Construction, Industrial, Professional and Technical Teamsters Union, Local #36. ETP funds will train 42 represented employees. The Teamsters Union supports this ETP training project.

Mr. Tagami introduced Steve Hunter, Chief Financial Officer, Bonnie Blank, Human Resources Manager, and Art Cantu, Recording Secretary, Teamsters Union Local 36.

ACTION: Mr. Rankin moved and Mr. Zuniga seconded the Panel approve the One-Step Agreement as presented.

Motion carried, 5 - 0.

XIII. PUBLIC COMMENT

There was no public comment.

XV. EXECUTIVE SESSION

Chairman Duncan announced there would be no Executive Session.

XI. ADJOURN

There being no further business, the meeting was adjourned at 3:30 p.m.